



**October 2005**

## **Minutes of September 22 Meeting**

### **HECB Members Present**

Mr. Bob Craves, chair  
Ms. Roberta Greene, vice chair  
Mr. Jesus Hernandez  
Mr. Bill Grinstein  
Mr. Lance Kissler  
Ms. Ethelda Burke  
Mr. Mike Worthy  
Dr. Sam Smith

### **Board introductions**

Bob Craves, chair, welcomed those in attendance to Saint Martin's University. Sen. Betti Sheldon was absent and excused from the meeting.

Craves introduced Dr. Barbara Gayle, Vice President of Academic Affairs, Saint Martin's University. Gayle welcomed the board on behalf of President Douglas Astolfi, and provided a history of the school and an overview of student demographics. She also shared personal stories from students attending Saint Martin's. On August 8, Saint Martin's made the transition from college to university status.

Craves introduced the two newest members of the board, Ethelda Burke and Lance Kissler. Burke serves as deputy superintendent for the Tacoma Public School District. She received her master of education and bachelor of business administration degrees from the University of Puget Sound in 1976 and 1973, respectively. Co-author of *Violence in Schools: Combating Violence*, Burke also has been a keynote speaker at several professional conferences. Kissler, the new student member of the HECB, is pursuing a master's degree in communications at Eastern Washington University, having earned his bachelor's degree at the university in 2004. He is a health communications specialist for the National Institute for Occupational Safety and Health in Spokane.

Craves announced the retirement of Gene Colin from the board. Craves read a board resolution recognizing Colin's commitment and dedication to the board since his appointment in October 2001. Roberta Greene observed former HECB Director of Student Financial Assistance Becki

Collins' service to higher education as she read a resolution honoring Collins. Collins' departure from the agency was announced during the June meeting.

**ACTION: Sam Smith** moved to approve **(Res. 05-16)** and **(Res. 05-17)** honoring Becki Collins and Gene Colin, respectively. **Roberta Greene** seconded the motion, which was passed unanimously.

Executive Director Jim Sulton announced one new staff appointment, and one promotion. John Klacik was recently promoted to director of Student Financial Assistance, replacing Becki Collins. Klacik previously served as associate director for student financial assistance. Chris Thompson, associate director for academic affairs, began work with HECB earlier in the week. Thompson will be working on accountability and other academic policy issues. Thompson's most recent position was as executive director of the Academic Achievement and Accountability Commission.

#### **Executive Policy Committee Report and Related Action Items**

Craves asked for motions on four action items: approval of the June 23 meeting minutes, approval of the new board committee structure charge and membership, approval of the 2006 board meeting calendar, and approval of the board resolution pertaining to minimum college admission standards.

**ACTION: Sam Smith** moved to approve the minutes of the June 23 board meeting. **Mike Worthy** seconded the motion, which passed unanimously.

**ACTION: Mike Worthy** made a motion to approve the new board structure. **Sam Smith** seconded. The motion passed unanimously.

**ACTION: Mike Worthy** moved to approve the 2006 board meeting calendar **(Res. 05-10)**. **Jesus Hernandez** seconded. The motion passed unanimously.

**ACTION: Mike Worthy** moved to approve a resolution pertaining to the board's proposed revisions to minimum college admission standards, which states that the board will reconsider its proposed standards following completion of the Washington Learns study in 2006 **(Res. 05-11)**. **Bill Grinstein** seconded the motion, which was passed unanimously.

**Board action on consent agenda items**

**ACTION:** **Mike Worthy** moved to approve two new degree programs including: a bachelor of applied science in information technology and administrative management at Central Washington University (**Res. 05-12**); and a bachelor of science in informatics at Washington State University (**Res. 05-13**). **Jesus Hernandez** seconded the motion, which was passed unanimously.

**Executive Director's Report**WSU Tri-Cities Branch Campus

Executive Director Jim Sulton discussed his participation in recent meetings that were coordinated by the Tri-Cities Industrial Development Council (TRIDEC). TRIDEC is the leading economic development organization for the Tri-Cities metropolitan area. Local citizens and business leaders have expressed concern about the area's economic future as it relates to the availability of higher education, and are in the process of examining possible options involving WSU Tri-Cities and Columbia Basin College.

Defining College Readiness

Sulton announced that the Legislature has allocated \$600,000 in state funding for the HECB to define college readiness in English and science. This project is due at the end of 2006.

Texas Center for State Scholars

The Texas Center for State Scholars will shut down at the end of September 2005. Federal funding that the center had received from the U.S. Department of Education had been allocated to 12 or 13 "partner" states; one of which is Washington. The Partnership for Learning in Seattle was a recipient of grant funds from the Texas Center. Efforts are underway to find an alternative organization to administer the federal funds.

Life Sciences Discovery Fund

([www.hecb.wa.gov/boardmtgs/documents/5-sept22-05.LifeSciencesDiscoveryFundAuthority.pdf](http://www.hecb.wa.gov/boardmtgs/documents/5-sept22-05.LifeSciencesDiscoveryFundAuthority.pdf))

Sulton invited Bill Grinstein to provide information on the Legislature's recent authorization of funds from a tobacco settlement for the Life Sciences Discovery Fund. Grinstein informed the board that the funds will be made available to universities throughout the state to expand research and development of biomedical and other scientific advances in life sciences -- focusing on health care needs in the state. The funds will be available in April 2008.

Sam Smith asked about the first action expected from the board of trustees appointed to oversee the Life Science Discovery Fund. Grinstein responded that initial steps would include setting up administration and development projects.

Implementation of the 2004 Strategic Master Plan for Higher Education-status report

([www.hecb.wa.gov/boardmtgs/documents/4-sept22-05.MPIImplementationforBoard.pdf](http://www.hecb.wa.gov/boardmtgs/documents/4-sept22-05.MPIImplementationforBoard.pdf))

Sulton provided an update on implementation of the strategic master plan, reviewing the two main goals: (1) increasing opportunities for students to earn degrees; and (2) responding to the

state's economic needs. He also reiterated the importance of making the document a "living document," rather than a document that simply sits on a shelf. Sulton informed the board that the issues identified in the initial phase of the Washington Learns study are consistent with the goals in the master plan. Continued collaboration and work with others in K-12 public and private education is still a necessity.

#### Guaranteed Education Tuition Program

([www.hecb.wa.gov/boardmtgs/documents/6-sept22-05.GETHECBReport.pdf](http://www.hecb.wa.gov/boardmtgs/documents/6-sept22-05.GETHECBReport.pdf))

Sulton invited Betty Lochner, director of the state's Guaranteed Education Tuition (GET) Program, to update the board on the program. Lochner introduced Larry Lee, GET deputy director. Lochner explained that GET is overseen by a committee that is chaired by Sulton. She said the current enrollment year is projected to be very successful, with 300 new enrollments in the first week alone. Eighty-five percent of the students currently using GET units are attending Washington state schools.

Lochner said the current cost of one GET "unit" is \$66. One hundred units are equal to one year of tuition at Washington's most expensive research university, either UW or WSU. Units can also be used for books and other educational expenses. Students have 10 years from the time they become eligible to use the GET units. Beneficiaries can be renamed.

The current enrollment year ends on March 31, 2006. Craves recommended that Lochner emphasize that the program is guaranteed by the state of Washington.

Craves asked if there were any other fees associated with the program. Lochner replied that although there is a one-time application fee of \$100, the program is self-sustaining and thus, unit charges include administrative and overhead costs. Families who choose the monthly payment option rather than the lump sum option are charged late fees if payments are not received on time. The payment plan also includes a 7.5 percent fixed interest charge based on the total contract price.

Smith asked about alternatives if the child does not attend college. Lochner said the account can be transferred to another family member, or the account can be refunded (subject to a 10 percent penalty and tax on the investment).

Craves asked if you could choose to designate someone else to receive the funds -- such as a non-related, low-income student. Lochner said that while the law only allows for purchased GET units to be transferred to a relative, there is another option: a person can choose to open a "scholarship account" with up to 5,000 units. This sort of account does not have to name the student beneficiary, and the master account is held by a non-profit organization.

#### Public Comment

Sulton welcomed and introduced Jim Kowalkowski, superintendent of the Pomeroy School District. Kowalkowski said he was pleased that the board will be reconsidering the proposed college admission standards following the study by the Washington Learns committee. As the board reconvenes to consider possible revisions, Kowalkowski said he would recommend the following:

- Clarify the role that career and technical education classes will have in helping students meet the standards.
- Explore the potential of “college in the high school” programs offered in high schools.
- Consider the shortage of qualified science and math teachers.

Smith invited Kowalkowski to provide advice on how the board could better communicate the admission requirements set by the colleges and universities to students and school districts, so that students are not taken by surprise when they apply. Kowalkowski recommended that the board make a presence at some of the annual conferences held throughout the state.

Kowalkowski thanked Sulton for his attendance at a small school conference earlier this year.

Jesus Hernandez said he was challenged by Kowalkowski’s comment regarding students on the “lower end.” Hernandez expressed the need to relate the message to those students specifically, early in their high school years, to make a conscious choice to work hard. “They need to know what they are up against. They need that message.”

### **Financial Aid Committee Report**

Hernandez, chair of the financial aid committee, presented the committee’s report. Report items are informational and do not require board action at this time.

#### Alternative Loan Program

HECB staff, along with staff of the Washington Higher Education Facilities Authority (WHEFA), are investigating the potential for setting up an alternative student loan program using about \$75 million in annual tax-exempt bonds, created through a buyout of the Northwest Educational Loan Association (NELA). This would provide loans to students at lower interest rates and reduced fees. The funds could only be used for student loans, and for no other student aid program.

Hernandez said it makes sense for the HECB to administer this program, because the agency already distributes financial aid and grants to Washington students. He said it also makes sense to utilize the bonding authority of WHEFA. The costs generated from the program would be self-sustaining.

Grinstein asked about the time required to set up the program. Hernandez said the bonding authority of WHEFA will help speed the process. Collaboration with WHEFA and negotiation regarding the partnership needs to continue. Grinstein said the process needs to happen in a timely manner. Sulton informed the board that he and staff are working very closely with WHEFA to develop a model for this program.

#### Less-Than-Halftime SNG Pilot Project

Hernandez updated the board on a financial aid pilot project for students attending college less than half-time. Legislation enacted during the 2005 session directs the board to select 10 schools to participate in the project. Hernandez said the committee found that a majority of half-time

students are interested in the participating in the program, and meetings with legislators are already underway. About three-quarters of participating students are expected to come from the state's community colleges. A report on the pilot project is due to the Legislature in December 2006.

#### Latino Student Aid Study

Hernandez discussed a recent national study that addressed how Latino students fund their education. HECB staff have replicated the national study in Washington state. Both studies indicate that Latino students have lower participation rates in higher education. The study found that Latino students in Washington are less willing to take on the risk of student loans than are non-Latino students.

Craves asked if the board is looking at ways to address this issue, and suggested that the board take action. Sulton responded that discussions are in the beginning stages. Craves suggested the possibility of increasing the State Need Grant, as well as offering in-state tuition benefits. Hernandez explained that state legislators are waiting to see whether the federal government will implement additional funding. Grinstein asked if the board has statistics on the number of enrolled undocumented students in the state's K-12 system. Hernandez responded that the K-12 system does not identify undocumented student status.

#### Scholarship Coalition

Hernandez discussed the possibility of Washington developing a centralized scholarship database and application process. This is one of the recommendations coming from a scholarship coalition composed of interested parties such as the Northwest Education Loan Association, Dollars for Scholars, the Northwest College Planning Network, and others. The board's staff have also participated in the discussions. The board may be asked to contract with the Coalition to provide the information and application service. The Coalition is seeking start-up funds from non-state sources to promote the enterprise.

#### GEAR UP Grant Extension

The federal government renewed Washington's GEAR UP grant worth \$3.5 million per year, or up to \$21 million over six years. Program sites have yet to be selected and the board is in the process of hiring a new director for the state GEAR UP program.

#### Foster Care Initiative

The board is working with the DSHS foster care oversight committee. At the direction of the oversight committee, the board will be inviting organizations to participate in a subcommittee focused on the higher education needs of foster care youth.

#### **Fiscal Committee Report**

([www.hecb.wa.gov/boardmtgs/documents/7-sept22-05.2006AgencySupplementalBudgetRequest.pdf](http://www.hecb.wa.gov/boardmtgs/documents/7-sept22-05.2006AgencySupplementalBudgetRequest.pdf))

Mike Worthy, chair of the fiscal committee, presented the committee's report. Worthy invited Gary Benson, HECB director of fiscal policy, along with Deputy Director Joann Wiszmann, to update the board on proposed changes to the agency's 2005-07 budget.

The state Office of Financial Management (OFM) has directed agencies to submit supplemental budget requests for the 2006 supplemental budget by October 17, 2005. The HECB will request four corrections in performance-level funding and two corrections in maintenance-level funding.

#### GEAR UP

The HECB will request \$2.1 million in state funds for the GEAR UP scholarship program. Although this is a federal initiative, new fees are required to meet the state's portion of the increased award amount, provide for an increase in student participation, and to provide qualified staff. Additional costs are also associated with an increase in interest rates.

Craves asked if funding was used only at GEAR UP schools. Wiszmann said that funding is provided to only GEAR UP schools, and that the amount that each student receives in scholarship funds is based on their participation in the program. She said that 10 sites are currently operating within the state under the old grant, and that the 10 sites are sponsored by a variety of organizations. In addition, a number of GEAR UP partnerships are in operation.

Grinstein asked whether controls are in place to monitor future costs. Wiszmann said that the 1999 federal GEAR UP grant was new to the agency, and was implemented before it was possible to track and monitor changes in program expenditures, whereas the agency now has that ability. The wild card is trying to predict student behavior and the state's economy; the best staff can do is to monitor the situation. The agency has made estimates on the previous National Early Intervention Scholarship program (NEIS), which was the precursor to GEAR UP, and staff have better data this time.

#### Online Student Advising System and Student Data Warehouse

Benson also discussed two additional supplemental budget request items: an online student advising system for \$1.1 million, and a student data warehouse at \$152,000. Grinstein asked if the student advising system was a one-time cost, or if it would be ongoing. Wiszmann explained that the funding would provide for set-up costs and software. The ongoing system costs would also involve research staff as they use this tool.

#### TIAA CREF

The agency is asking for \$294,000 to offer employees a purchased annuity and retirement income plan in lieu of the Public Employees Retirement System (PERS). This option would enable the HECB to remain competitive as an employer.

#### Lease Increase

Due to increased lease costs (effective October 2005) and the continued need for office space, the board is requesting an additional \$324,000 for a total of \$1,001,000 in state appropriations for agency lease space.

<p><b>ACTION:</b> Mike Worthy moved to approve the 2006 supplemental budget request (<b>Res.05-14</b>). Roberta Greene seconded the motion, which passed unanimously.</p>
---

**Education Committee Report**

([www.hecb.wa.gov/boardmtgs/documents/Tab8.pdf](http://www.hecb.wa.gov/boardmtgs/documents/Tab8.pdf))

Smith, chair of the education committee, introduced HECB Associate Director Randy Spaulding. Spaulding explained revisions to the final academic planning-policies and procedures document originally presented in June. Revisions were based on requests and comments from the State Board for Community and Technical Colleges (SBCTC) and provosts from the public baccalaureate institutions.

Grinstein asked whether “review” was synonymous with concurrence, or if the board had the authority to approve or disapprove a program. Spaulding said the HECB has the ultimate authority to accept or reject a proposed program. Sulton added that most of the time, concurrence is in play; the institutions have a good reputation. However, if duplication occurs, the board can step in.

Smith asked what the reviewers provide to the HECB. Spaulding said the HECB receives a summary and a recommendation. Sulton replied that the proposal also will include information that the institution has received from the external reviewer. The board has the right to request an additional review.

Provost David Soltz of CWU, and Associate Vice Provost Jane Sherman of WSU, commented on the review process. Soltz provided an example of a recent review that recommended adding additional management to a program under review, so the university made that change before submitting the proposal to the HECB. Sherman agreed that the reviewers make recommendations before the institutions bring their program proposals before the HECB. Spaulding clarified that the role of the HECB is program approval.

**ACTION:** **Sam Smith** moved to approve the proposed revisions to the HECB policies and procedures for new academic degree program approval and existing program review (**Res.05-15**). **Lance Kissler** seconded the motion, which passed unanimously.

**Needs Assessment**

([www.hecb.wa.gov/boardmtgs/documents/9-sept22-05.StateandRegionalNeedsAssessment.pdf](http://www.hecb.wa.gov/boardmtgs/documents/9-sept22-05.StateandRegionalNeedsAssessment.pdf))

Spaulding introduced Andi Smith, HECB policy analyst, and together they presented a preliminary report on the state and regional needs assessment. The report is based on an analysis of student, employer, and community demand for programs and facilities. The board will take action on the needs assessment report during its October meeting.

Hernandez asked if it was within the scope of the work to see where funding is currently allocated with relation to where the needs are. Spaulding replied that was not included in the study. Hernandez recommended looking at the correlation between needs and where funds are currently allocated.



Worthy suggested that the board keep these funding issues present in the eyes of legislators during the interim, and that this study provides perfect documentation of higher education funding needs. He pointed out that because the HECB is called upon to deliver this study, the board can emphasize regional needs. Smith commented that this study is consistent with the goals of the 2004 Strategic Master Plan. Grinstein asked if there was a sense of urgency in the process, and Spaulding replied, “Yes, if we want to provide jobs for Washington residents. However, this identifies the gap. This does not identify the cause of the problems.” Craves recommended meeting with legislators to emphasize the significant need identified through this study.

### **Articulation and Transfer Update**

([www.hecb.wa.gov/boardmtgs/documents/10-Articulation-Transfer.pdf](http://www.hecb.wa.gov/boardmtgs/documents/10-Articulation-Transfer.pdf))

Andi Smith presented an update on student transfer initiatives in the state, with recommendations for next steps:

- Student communication should be improved. The board is requesting funding for an online transfer advising system (presented earlier in the meeting under the fiscal committee report).
- Institutions are allowing more flexibility in transferring credits.
- Faculty conversations are taking place regarding “major-ready” pathways and the skills and knowledge that best prepare transfer students for a baccalaureate major.

Ron Dalla, provost at EWU, informed the board that institutions are looking at skills required for competency-based transfer. Dalla provided an example of a pilot project at EWU involving three majors: criminal justice, computer science, and elementary education – focusing on the skills required for transfer. The end product of the project will identify roadblocks and make recommendations for making such a program possible. Communication is vital in the advising process. Legislation determined which skills were necessary and EWU left it up to the community colleges to assess whether or not students were ready for transfer; an important facet of the project according to Dalla. The project is due in December.

### **Degree-granting Institutions Act**

(<http://www.hecb.wa.gov/boardmtgs/documents/11-sept22-05.DAAUpdate.pdf>)

Mike Ball, associate director for the HECB Degree Authorization (DA) program, gave a presentation on the Degree-granting Institutions Act. State law requires that all degree-granting institutions operating in Washington obtain authorization from the board – unless they are determined by the board to be exempt from the law. Enforcement of the act enables the HECB to protect Washington consumers from substandard, fraudulent, and deceptive activities at degree-granting colleges and universities in the state -- extending protection to employers as well. This act also makes transcripts available to students if an authorized school closes. Distance learning schools are included.

In addition to the Degree-granting Institutions Act, the HECB is also responsible for implementing the Foreign Degree-granting Branch Campus Act. This law applies to foreign colleges or universities that bring students to Washington for brief periods, allowing students from other cultures to experience higher education in Washington.

Three categories of schools fall under the Degree-granting Institutions Act: authorized, exempt, and waived schools. Authorized schools are those schools just beginning to practice in Washington. They must meet authorization requirements prior to operation. This applies to established out-of state institutions intending to offer degrees in Washington, as well as new schools that wish to offer programs within the state.

DA can exempt long-time Washington schools that have been operating for 15 years or more. Some examples are St. Martin's University, Gonzaga, and City University. Exemption means that schools are exempt from the Degree-granting Institutions Act. Theological schools that maintain their curriculum in religious content, do not offer a BA or BS, and issue only a theological certification can also operate as exempt. If they want to offer secular degree-granting programs, they must undergo authorization. No exemption is permanent. DA can withdraw authorization and require the school to cease operation.

Sam Smith asked what would happen if a school were to operate in the state without prior authorization. Ball replied that if a school offering distance-learning programs advertises and recruits in Washington, there are penalties for failing to obtain prior authorization. However, DA cannot prevent Washington citizens from going onto Web sites and taking distance-learning courses. This involves interstate operation. Smith asked what the penalty would be for a school to operate without authorization. Ball replied that it can be quite costly: \$1000 per day, per offense. Those who attempt to circumvent DA rules can be subject to both financial and criminal penalties. Smith asked if this discourages diploma mills. Ball responded, yes; it does discourage diploma mills. He explained, however, that diploma mills are an international business, operating outside all state jurisdictions -- for example in Asia, the Caribbean, and in other areas.

Ball explained that a great range of students participate in authorized schools. Some schools offer very limited specialty programs, while others offer a diverse and wide range of programs. An increasing number of schools wish to operate in Washington state.

DA is responsible for two additional functions: investigating schools that may be operating illegally in the state, and investigating consumer complaints.

Craves asked how many FTE students attend authorized schools. Ball said the current enrollment is about 4,000 FTE. Statistics are reviewed on a two-year basis, based on the initial date the school was authorized.

Ball stated that the Degree Authorization unit is currently reviewing, revising rules, making corrections, and will present proposed changes during the October meeting.

**The meeting adjourned at 1:50 pm.**